

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA

In re: Carter's Grove, LLC

Case No. 11-30554 (TEC)

CHAPTER 11
MONTHLY OPERATING REPORT

SUMMARY OF FINANCIAL STATUS

MONTH ENDED: 06/30/11

PETITION DATE: 02/14/11

1. Debtor in possession hereby submits this Monthly Operating Report on the Accrual Basis of accounting.

Dollars reported in \$1

2. **Asset and Liability Structure**

	<u>End of Current Month</u>	<u>End of Prior Month</u>	<u>As of Petition Filing</u>
a. Current Assets	\$1,953	\$2,910	
b. Total Assets	\$15,958,371	\$21,159,328	\$21,156,418
c. Current Liabilities	\$43,152	\$11,589	
d. Total Liabilities	\$12,533,628	\$12,502,065	\$12,490,476

3. **Statement of Cash Receipts & Disbursements for Month**

	<u>Current Month</u>	<u>Prior Month</u>	<u>Cumulative (Case to Date)</u>
a. Total Receipts	\$12,259	\$38,393	\$101,952
b. Total Disbursements	\$11,792	\$39,818	\$100,000
c. Excess (Deficiency) of Receipts Over Disbursements (a - b)	\$468	(\$1,425)	\$1,953
d. Cash Balance Beginning of Month	\$1,486	\$2,910	\$0
e. Cash Balance End of Month (c + d)	\$1,953	\$1,486	\$1,953

4. **Profit/(Loss) from the Statement of Operations**

	<u>Current Month</u>	<u>Prior Month</u>	<u>Cumulative (Case to Date)</u>
5. Account Receivables (Pre and Post Petition)	N/A	N/A	N/A

6. **Post-Petition Liabilities**

	\$0	\$0	
--	-----	-----	--

7. **Past Due Post-Petition Account Payables (over 30 days)**

	\$43,152	\$11,589	
	\$14,713	\$8,421	

At the end of this reporting month:

	<u>Yes</u>	<u>No</u>
8. Have any payments been made on pre-petition debt, other than payments in the normal course to secured creditors or lessors? (if yes, attach listing including date of payment, amount of payment and name of payee)		X
9. Have any payments been made to professionals? (if yes, attach listing including date of payment, amount of payment and name of payee)		X
10. If the answer is yes to 8 or 9, were all such payments approved by the court?		X
11. Have any payments been made to officers, insiders, shareholders, relatives? (if yes, attach listing including date of payment, amount and reason for payment, and name of payee)		X
12. Is the estate insured for replacement cost of assets and for general liability?	X	
13. Are a plan and disclosure statement on file?	X	
14. Was there any post-petition borrowing during this reporting period?		X

15. Check if paid: Post-petition taxes N/A; U.S. Trustee Quarterly Fees X; Check if filing is current for: Post-petition tax reporting and tax returns: Not yet due.
(Attach explanation, if post-petition taxes or U.S. Trustee Quarterly Fees are not paid current or if post-petition tax reporting and tax return filings are not current.)

I declare under penalty of perjury I have reviewed the above summary and attached financial statements, and after making reasonable inquiry believe these documents are correct.

Date: 07/20/11


Responsible Individual

BALANCE SHEET
For the Month Ended 06/30/11

Assets	Check if Exemption Claimed on Schedule C	Market Value
Current Assets		
1 Cash and cash equivalents (including bank accts., CDs, etc.)	_____	\$1,953
2 Accounts receivable (net)	_____	\$0
3 Retainer(s) paid to professionals	_____	\$0
4 Other: _____	_____	\$0
5 _____	_____	_____
6 Total Current Assets		\$1,953
Long Term Assets (Market Value)		
7 Real Property (residential)	_____	\$21,000,000
8 Real property (rental or commercial)	_____	_____
9 Furniture, Fixtures, and Equipment	_____	\$149,918
10 Vehicles	_____	\$6,500
11 Partnership interests	_____	\$0
12 Interest in corporations	_____	\$0
13 Stocks and bonds	_____	\$0
14 Interests in IRA, Keogh, other retirement plans	_____	\$0
15 Other: _____	_____	\$0
16 _____	_____	_____
17 Total Long Term Assets		\$21,156,418
18 Total Assets		\$21,158,371
Liabilities		
Post-Petition Liabilities		
Current Liabilities		
19 Post-petition not delinquent (under 30 days)	_____	\$28,438
20 Post-petition delinquent other than taxes (over 30 days)	_____	\$14,713
21 Post-petition delinquent taxes	_____	\$0
22 Accrued professional fees	_____	\$0
23 Other: _____	_____	\$0
24 _____	_____	_____
25 Total Current Liabilities		\$43,152
26 Long-Term Post Petition Debt		_____
27 Total Post-Petition Liabilities		\$43,152
Pre-Petition Liabilities (allowed amount)		
28 Secured claims (residence)	_____	\$12,422,064
29 Secured claims (other)	_____	_____
30 Priority unsecured claims	_____	\$14,992
31 General unsecured claims	_____	\$53,420
32 Total Pre-Petition Liabilities		\$12,490,476
33 Total Liabilities		\$12,533,628
Equity (Deficit)		
34 Total Equity (Deficit)		\$8,624,743
35 Total Liabilities and Equity (Deficit)		\$21,158,371

NOTE:

The value of the real property is based off an appraisal dated 10/19/2009. The appraisal uses both the "Cost Approach" and "Comparable Sales Approach." The value of the equipment is based on the purchase price in 12/07 and subject to depreciation since the date of purchase.

SCHEDULES TO THE BALANCE SHEET

Schedule A Rental Income Information

List the Rental Information Requested Below By Properties (For Rental Properties Only)

	<u>Property 1</u>	<u>Property 2</u>	<u>Property 3</u>
1 Description of Property			
2 Scheduled Gross Rents			
Less:			
3 Vacancy Factor			
4 Free Rent Incentives			
5 Other Adjustments			
6 Total Deductions	\$0	\$0	\$0
7 Scheduled Net Rents	\$0	\$0	\$0
8 Less: Rents Receivable (2)			
9 Scheduled Net Rents Collected (2)	\$0	\$0	\$0

(2) To be completed by cash basis reporters only.

Schedule B Recapitulation of Funds Held at End of Month

	<u>Account 1</u>	<u>Account 2</u>	<u>Account 3</u>
10 Bank			
11 Account No.			
12 Account Purpose			
13 Balance, End of Month			
14 Total Funds on Hand for all Accounts	\$0		

Attach copies of the month end bank statement(s), reconciliation(s), and the check register(s) to the Monthly Operating Report.

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Increase/(Decrease) in Cash and Cash Equivalents

For the Month Ended 06/30/11

		Actual Current Month	Cumulative (Case to Date)
Cash Receipts			
1	Rent/Leases Collected	\$0	\$0
2	Cash Received from Sales	\$0	\$0
3	Interest Received	\$0	\$0
4	Borrowings	\$0	\$0
5	Funds from Shareholders, Partners, or Other Insiders	\$0	\$0
6	Capital Contributions	\$12,259	\$101,952
7			
8			
9			
10			
11			
12	Total Cash Receipts	\$12,259	\$101,952
Cash Disbursements			
13	Selling	\$0	\$0
14	Administrative	\$174	\$59,425
15	Capital Expenditures	\$0	\$0
16	Principal Payments on Debt	\$0	\$0
17	Interest Paid	\$0	\$0
	Rent/Lease:		
18	Personal Property	\$0	\$0
19	Real Property	\$0	\$0
	Amount Paid to Owner(s)/Officer(s)		
20	Salaries	\$0	\$0
21	Draws	\$0	\$0
22	Commissions/Royalties	\$0	\$0
23	Expense Reimbursements	\$0	\$0
24	Other	\$0	\$0
25	Salaries/Commissions (less employee withholding)	\$8,907	\$31,097
26	Management Fees	\$0	\$0
	Taxes:		
27	Employee Withholding	\$2,711	\$9,477
28	Employer Payroll Taxes	\$0	\$0
29	Real Property Taxes	\$0	\$0
30	Other Taxes	\$0	\$0
31	Other Cash Outflows:	\$0	\$0
32			
33			
34			
35			
36			
37	Total Cash Disbursements:	\$11,792	\$100,000
38	Net Increase (Decrease) in Cash	\$468	\$1,953
39	Cash Balance, Beginning of Period	\$1,486	
40	Cash Balance, End of Period	\$1,953	\$1,953

Expanded Business Checking

Account number: [REDACTED] 3482 ■ June 1, 2011 - June 30, 2011 ■ Page 1 of 4

**WELLS
FARGO**

CARTER'S GROVE LLC
DEBTOR-IN-POSSESSION
GENERAL OPERATIONS ACCOUNT
3810 WASHINGTON ST
SAN FRANCISCO CA 94118-1650

Questions?

Available by phone 24 hours a day, 7 days a week:

1-800-CALL-WELLS (1-800-225-5935)

TTY: 1-800-877-4833

En español: 1-877-337-7454

Online: wellsfargo.com/biz

Write: Wells Fargo Bank, N.A. (114)

P.O. Box 6995

Portland, OR 97228-6995

Your Business and Wells Fargo

The Wells Fargo Business Insight Resource Center offers free access to business information and advice through videos, articles, podcasts and other resources.

This site offers objective information from industry experts, best practices from real business owners, as well as numerous Wells Fargo solutions that can help you run your business. Visit the site at wellsfargobusinessinsights.com.

Account options

A check mark in the box indicates you have these convenient services with your account. Go to wellsfargo.com/biz or call the number above if you have questions or if you would like to add new services.

Business Online Banking ☐
Rewards for Business Check Card ☐
Online Statements ☐
Business Bill Pay ☐
Business Spending Report ☐
Overdraft Protection ☐



IMPORTANT ACCOUNT INFORMATION

Starting August 14, 2011, if you currently receive a separate monthly statement for this and other accounts, they may be combined if they have the same account owner(s) and same mailing address. The information you currently receive will not change - it will simply be consolidated into one easy-to-read statement to save you time when organizing your financial records. We hope you will enjoy this new convenience and "greener" approach. If you do not want your statements combined, please talk to your banker or call the number on your statement.

Do you need to order business checks?

Here are 3 easy ways to order:

- 1) Login to wellsfargo.com/checks
- 2) Call Harland Clarke at 1-800-237-8982 (Monday-Friday 5am-9pm PST, Saturday 5am-4pm PST)
- 3) Contact your banker

Activity summary

Beginning balance on 6/1	\$946.75
Deposits/Credits	12,259.09
Withdrawals/Debits	- 12,040.00
Ending balance on 6/30	\$1,165.84
Average ledger balance this period	\$1,529.41

Account number: [REDACTED] 3482

**CARTER'S GROVE LLC
DEBTOR-IN-POSSESSION
GENERAL OPERATIONS ACCOUNT**

California account terms and conditions apply

For Direct Deposit and Automatic Payments use
Routing Number (RTN): 121042882For Wire Transfers use
Routing Number (RTN): 121000248**Overdraft Protection**

This account is not currently covered by Overdraft Protection. If you would like more information regarding Overdraft Protection and eligibility requirements please call the number listed at the top of your statement or visit your Wells Fargo branch.

Transaction history

Date	Check Number	Description	Deposits/ Credits	Withdrawals/ Debits	Ending daily balance
6/9		Deposit	259.09		1,205.84
6/13		WT Fed#05791 Jpmorgan Chase Ban /Org=William J Childress, Jr, Trustee Srf# 1350700164Es Trn#110613067829 Rfb# Poh of 11/06/13	6,000.00		
6/13		Wire Trans Svc Charge - Sequence: 110613067829 Srf# 1350700164Es Trn#110613067829 Rfb# Poh of 11/06/13		10.00	7,195.84
6/14		Online Transfer Ref #lbefwxmy4P to Expanded Business Checking xxxxxx3474 on 06/14/11		6,000.00	1,195.84
6/27		WT Fed#05405 Jpmorgan Chase Ban /Org=William J Childress, Jr, Trustee Srf# 1372700178Es Trn#110627076245 Rfb# Poh of 11/06/27	6,000.00		
6/27		Wire Trans Svc Charge - Sequence: 110627076245 Srf# 1372700178Es Trn#110627076245 Rfb# Poh of 11/06/27		10.00	7,185.84
6/28		Online Transfer Ref #lbejt3Mpgs to Expanded Business Checking xxxxxx3474 on 06/28/11		6,000.00	1,185.84
6/30		Monthly Service Fee		20.00	1,165.84
Ending balance on 6/30					1,165.84
Totals			\$12,259.09	\$12,040.00	

The Ending Daily Balance does not reflect any pending withdrawals or holds on deposited funds that may have been outstanding on your account when your transactions posted. If you had insufficient available funds when a transaction posted, fees may have been assessed.

Account transaction fees summary

Service charge description	Units used	Units included	Excess units	Service charge per excess units (\$)	Total service charge (\$)
Paid and Deposited Items	1	300	0	0.50	0.00
Total service charges					\$0.00

Looking for ways to cut costs? Direct Pay, through Wells Fargo Business Online, lets you make secure electronic payments. Paying employees and contractors by direct deposit helps save on labor - it's easy for you and convenient for them. You can also use Direct Pay to pay vendors as fast as the next business day. Learn more at wellsfargo.com/biz/directpay.



IMPORTANT ACCOUNT INFORMATION

Save time with Online Bill Pay

Save time, avoid late fees, and save on postage costs. Be at ease knowing your payments get there fast-with over 90% of our top payees able to receive payments in 2 days or less. You can even make same day payments to Wells Fargo credit accounts, and to other select merchants. Pay your bills efficiently with Wells Fargo Bill Pay-backed by our Payment Guarantee. We guarantee your payments will be paid as scheduled, on time, every time. Go to wellsfargo.com or wellsfargo.com/biz to sign up or sign on today.

Expanded Business Checking

Account number: [REDACTED] 3474 ■ June 1, 2011 - June 30, 2011 ■ Page 1 of 4

**WELLS
FARGO**

CARTER'S GROVE LLC
DEBTOR-IN-POSSESSION
PAYROLL ACCOUNT
3810 WASHINGTON ST
SAN FRANCISCO CA 94118-1650

Questions?

Available by phone 24 hours a day, 7 days a week:

1-800-CALL-WELLS (1-800-225-5935)

TTY: 1-800-877-4833

En español: 1-877-337-7454

Online: wellsfargo.com/biz

Write: Wells Fargo Bank, N.A. (114)

P.O. Box 6995

Portland, OR 97228-6995

Your Business and Wells Fargo

The Wells Fargo Business Insight Resource Center offers free access to business information and advice through videos, articles, podcasts and other resources.

This site offers objective information from industry experts, best practices from real business owners, as well as numerous Wells Fargo solutions that can help you run your business. Visit the site at wellsfargobusinessinsights.com.

Account options

A check mark in the box indicates you have these convenient services with your account. Go to wellsfargo.com/biz or call the number above if you have questions or if you would like to add new services.

Business Online Banking ☒
Rewards for Business Check Card ☐
Online Statements ☐
Business Bill Pay ☒
Business Spending Report ☒
Overdraft Protection ☐



IMPORTANT ACCOUNT INFORMATION

Starting August 14, 2011, if you currently receive a separate monthly statement for this and other accounts, they may be combined if they have the same account owner(s) and same mailing address. The information you currently receive will not change - it will simply be consolidated into one easy-to-read statement to save you time when organizing your financial records. We hope you will enjoy this new convenience and "greener" approach. If you do not want your statements combined, please talk to your banker or call the number on your statement.

Do you need to order business checks?

Here are 3 easy ways to order:

- 1) Login to wellsfargo.com/checks
- 2) Call Harland Clarke at 1-800-237-8982 (Monday-Friday 5am-9pm PST, Saturday 5am-4pm PST)
- 3) Contact your banker

Activity summary

Beginning balance on 6/1	\$380.44
Deposits/Credits	12,000.00
Withdrawals/Debits	- 11,731.57
Ending balance on 6/30	\$648.87
Average ledger balance this period	\$1,022.84

Account number: [REDACTED] 3474

**CARTER'S GROVE LLC
DEBTOR-IN-POSSESSION
PAYROLL ACCOUNT***California account terms and conditions apply*For Direct Deposit and Automatic Payments use
Routing Number (RTN): 121042882For Wire Transfers use
Routing Number (RTN): 121000248**Overdraft Protection**

This account is not currently covered by Overdraft Protection. If you would like more information regarding Overdraft Protection and eligibility requirements please call the number listed at the top of your statement or visit your Wells Fargo branch.

Transaction history

Date	Check Number	Description	Deposits/ Credits	Withdrawals/ Debits	Ending daily balance
6/10		Paychex Eib Invoice 110610 x40266000015422 Carters Grove LLC		94.35	286.09
6/14		Online Transfer Ref #lbfwxmy4P From Expanded Business	6,000.00		6,286.09
		Checking xxxxxx3482 on 06/14/11			
6/15		Paychex Payroll 40477900001256x Carters Grove LLC		4,453.28	
6/15		Paychex Tps Taxes 061411 40480400002463x Carters Grove LLC		1,355.33	477.48
6/28		Online Transfer Ref #lbejt3Mpgs From Expanded Business	6,000.00		6,477.48
		Checking xxxxxx3482 on 06/28/11			
6/30		Paychex Payroll 40686600001595x Carters Grove LLC		4,453.28	
6/30		Paychex Tps Taxes 062911 40688300003527x Carters Grove LLC		1,355.33	
6/30		Monthly Service Fee		20.00	648.87
Ending balance on 6/30					648.87
Totals			\$12,000.00	\$11,731.57	

The Ending Daily Balance does not reflect any pending withdrawals or holds on deposited funds that may have been outstanding on your account when your transactions posted. If you had insufficient available funds when a transaction posted, fees may have been assessed.

Account transaction fees summary

Service charge description	Units used	Units included	Excess units	Service charge per excess units (\$)	Total service charge (\$)
Paid and Deposited Items	5	300	0	0.50	0.00
Total service charges					\$0.00

Looking for ways to cut costs? Direct Pay, through Wells Fargo Business Online, lets you make secure electronic payments. Paying employees and contractors by direct deposit helps save on labor - it's easy for you and convenient for them. You can also use Direct Pay to pay vendors as fast as the next business day. Learn more at wellsfargo.com/biz/directpay.



IMPORTANT ACCOUNT INFORMATION

Save time with Online Bill Pay

Save time, avoid late fees, and save on postage costs. Be at ease knowing your payments get there fast-with over 90% of our top payees able to receive payments in 2 days or less. You can even make same day payments to Wells Fargo credit accounts, and to other select merchants. Pay your bills efficiently with Wells Fargo Bill Pay-backed by our Payment Guarantee. We guarantee your payments will be paid as scheduled, on time, every time. Go to wellsfargo.com or wellsfargo.com/biz to sign up or sign on today.

Expanded Business Checking

Account number: [REDACTED] 5576 ■ June 1, 2011 - June 30, 2011 ■ Page 1 of 3

**WELLS
FARGO**

CARTER'S GROVE LLC
DEBTOR-IN-POSSESSION
TAX ACCOUNT
3810 WASHINGTON ST
SAN FRANCISCO CA 94118-1650

Questions?

Available by phone 24 hours a day, 7 days a week:

1-800-CALL-WELLS (1-800-225-5935)

TTY: 1-800-877-4833

En español: 1-877-337-7454

Online: wellsfargo.com/biz

Write: Wells Fargo Bank, N.A. (114)

P.O. Box 6995

Portland, OR 97228-6995

Your Business and Wells Fargo

The Wells Fargo Business Insight Resource Center offers free access to business information and advice through videos, articles, podcasts and other resources.

This site offers objective information from industry experts, best practices from real business owners, as well as numerous Wells Fargo solutions that can help you run your business. Visit the site at wellsfargobusinessinsights.com.

Account options

A check mark in the box indicates you have these convenient services with your account. Go to wellsfargo.com/biz or call the number above if you have questions or if you would like to add new services.

Business Online Banking ☐
Rewards for Business Check Card ☐
Online Statements ☐
Business Bill Pay ☐
Business Spending Report ☐
Overdraft Protection ☐



IMPORTANT ACCOUNT INFORMATION

Starting August 14, 2011, if you currently receive a separate monthly statement for this and other accounts, they may be combined if they have the same account owner(s) and same mailing address. The information you currently receive will not change - it will simply be consolidated into one easy-to-read statement to save you time when organizing your financial records. We hope you will enjoy this new convenience and "greener" approach. If you do not want your statements combined, please talk to your banker or call the number on your statement.

Do you need to order business checks?

Here are 3 easy ways to order:

- 1) Login to wellsfargo.com/checks
- 2) Call Harland Clarke at 1-800-237-8982 (Monday-Friday 5am-9pm PST, Saturday 5am-4pm PST)
- 3) Contact your banker

Activity summary

Beginning balance on 6/1	\$158.03
Deposits/Credits	0.00
Withdrawals/Debits	- 20.00
Ending balance on 6/30	\$138.03
Average ledger balance this period	\$158.03

Account number: [REDACTED] 75576

**CARTER'S GROVE LLC
DEBTOR-IN-POSSESSION
TAX ACCOUNT***California account terms and conditions apply*For Direct Deposit and Automatic Payments use
Routing Number (RTN): 121042882For Wire Transfers use
Routing Number (RTN): 121000248**Overdraft Protection**

This account is not currently covered by Overdraft Protection. If you would like more information regarding Overdraft Protection and eligibility requirements please call the number listed at the top of your statement or visit your Wells Fargo branch.

Transaction history

Date	Check Number	Description	Deposits/ Credits	Withdrawals/ Debits	Ending daily balance
6/30		Monthly Service Fee		20.00	138.03
Ending balance on 6/30					138.03
Totals			\$0.00	\$20.00	

The Ending Daily Balance does not reflect any pending withdrawals or holds on deposited funds that may have been outstanding on your account when your transactions posted. If you had insufficient available funds when a transaction posted, fees may have been assessed.

Looking for ways to cut costs? Direct Pay, through Wells Fargo Business Online, lets you make secure electronic payments. Paying employees and contractors by direct deposit helps save on labor - it's easy for you and convenient for them. You can also use Direct Pay to pay vendors as fast as the next business day. Learn more at wellsfargo.com/biz/directpay.

**IMPORTANT ACCOUNT INFORMATION****Save time with Online Bill Pay**

Save time, avoid late fees, and save on postage costs. Be at ease knowing your payments get there fast-with over 90% of our top payees able to receive payments in 2 days or less. You can even make same day payments to Wells Fargo credit accounts, and to other select merchants. Pay your bills efficiently with Wells Fargo Bill Pay-backed by our Payment Guarantee. We guarantee your payments will be paid as scheduled, on time, every time. Go to wellsfargo.com or wellsfargo.com/biz to sign up or sign on today.

